HATTEN LAND LIMITED

(formerly known as VGO Corporation Limited)
(Company Registration No: 199301388D)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements Announcement
For Second Quarter Ended 31 December 2017

*Hatten Land Limited (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 26 January 2017 via a reverse take-over ("**RTO**"). The financial adviser for the RTO was UOB Kay Hian Private Limited (the "**Sponsor**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact persons for the Sponsor are Mr Alvin Soh, Head of Catalist Operations, Senior Vice President, and Mr Josh Tan, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

Background

The Company and together with its subsidiaries (the "**Group**"), formerly known as VGO Corporation Limited, was formed subsequent to the successful RTO by Sky Win Management Consultancy Pte Ltd ("**Sky Win**" and together with its subsidiaries, the "**Sky Win Group**"). Immediately prior to the completion of the RTO, the existing business of VGO Corporation Limited was disposed (the "**Disposal**"). The RTO and the Disposal were completed on 24 January 2017 and the Company changed its name to Hatten Land Limited. Please refer to the Company's circular to shareholders (the "**Circular**") dated 29 December 2016 for further details of the RTO and the Disposal. The Sky Win Group is principally engaged in the business of property development in the state of Melaka, Malaysia.

Following the completion of the RTO, the Company changed the presentation currency for its financial statements from Singapore Dollars ("**SGD**") to Malaysia Ringgit ("**RM**"). In addition, the Company changed its financial year end from 31 March to 30 June.

Group Level

Following the completion of the RTO, the wholly-owned subsidiary, Sky Win, is regarded as the accounting acquirer and the Company as the accounting acquiree, for accounting purpose. As such, the consolidated financial statements have been prepared and presented as a continuation of the Sky Win Group.

Accordingly, the consolidated financial statements comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows for the second quarter ended 31 December 2017 have been presented as a continuation of the Sky Win Group's financial results and operations, in accordance with the following:

1) the assets and liabilities of the accounting acquirer, Sky Win Group, are recognised and measured in the consolidated statement of financial position at their pre-combination carrying amount;
2) the assets and liabilities of the accounting acquiree, the Company, are recognised and measured in accordance with their acquisition date fair value;
3) the retained earnings and other equity balances recognised in the consolidated financial statements of the Group are the retained earnings and other equity balances of the Sky Win Group immediately before the RTO;
4) the amount recognised in the issued equity interest in the consolidated financial statements of the Group is computed by adding the issued equity of Sky Win Group immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements of the Group (i.e. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to effect the combination; and
5) the comparative figures presented in these consolidated financial statements of the Group are those of consolidated financial statements of the Sky Win Group.

Following the completion of the RTO, the principal business of the Group are those of Sky Win Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in FRS 103, but it does not result in the recognition of goodwill, as the Company was deemed a cash company under the Rule 1017 of the Catalist Rules on 24 January 2017 and did not meet the definition of a business as set out in FRS 103. Instead, such transaction falls within the scope of FRS 102 “Share-based payments”, which requires the shares deemed issued by the legal subsidiary (as consideration for the acquisition of the Company) to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company’s identifiable net assets represents a service received by the legal subsidiary, Sky Win Group, which is recognised as an expense in the statement of comprehensive income.

Company Level

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in Sky Win Group recorded in the Company’s financial statements is accounted for at cost less accumulated impairment losses, if any.

Notes:

i) The Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the second quarter ended 31 December 2017 refer to the enlarged group which included the results of enlarged group comprising Sky Win Group and Hatten Land Limited from 1 October 2017 to 31 December 2017.
ii) The Group’s consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the second quarter ended 31 December 2016 refer to the results of Sky Win Group from 1 October 2016 to 31 December 2016.
iii) The Group’s consolidated statement of financial position as at 31 December 2017 refers to the consolidated statement of financial position of the enlarged group comprising Sky Win Group and Hatten Land Limited.
iv) The Group’s consolidated statement of financial position as at 30 June 2017 refers to the consolidated statement of financial position of the enlarged group comprising Sky Win Group and Hatten Land Limited.
v) The Company’s statement of financial position as at 31 December 2017 and 30 June 2017 refer to that of Hatten Land Limited.
vi) The Company’s statement of changes in equity for the second quarter ended 31 December 2017 refers to that of Hatten Land Limited.
vii) The Company’s statement of changes in equity for the second quarter ended 31 December 2016 refers to that of VGO Corporation Limited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group 3 months quarter ended			Group 6 months ended		
		31/12/2017	31/12/2016	%	31/12/2017	31/12/2016	%
		(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
	Notes	RM'000	RM'000	Change	RM'000	RM'000	Change
Revenue	8a	43,404	113,771	(61.8)	99,883	167,549	(40.4)
Cost of sales		(8,796)	(74,632)	(88.2)	(44,399)	(109,304)	(59.4)
Gross profit	8b	**34,608**	**39,139**	(11.6)	**55,484**	**58,245**	(4.7)
Other income/gains	8c	3,099	2,137	45.0	7,326	5,572	31.5
Other items of expense							
Selling and distribution expenses	8d	(9,645)	(7,465)	29.2	(21,217)	(15,524)	36.7
General and administrative expenses	8e	(10,993)	(6,695)	64.2	(20,003)	(17,924)	11.6
Finance costs	8f	(1,098)	(107)	N/M	(1,185)	(223)	N/M
Profit before tax		**15,971**	**27,009**	(40.9)	**20,405**	**30,146**	(32.3)
Income tax expense		(5,141)	(5,604)	(8.3)	(6,604)	(6,920)	(4.6)
Profit after tax	8g	**10,830**	**21,405**	(49.4)	**13,801**	**23,226**	(40.6)
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation		(169)	(298)	(43.3)	(526)	(113)	N/M
Total comprehensive income		**10,661**	**21,107**	(49.5)	**13,275**	**23,113**	(42.6)
Profit for the period attributable to:							
Owners of the Company		10,830	21,405	(49.4)	13,801	23,226	(40.6)
Total comprehensive income for the period attributable to:							
Owners of the Company		10,661	21,107	(49.5)	13,275	23,113	(42.6)

N/M - Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

	Group 3 months ended			Group 6 months ended		
	31/12/2017 (Unaudited) RM'000	31/12/2016 (Unaudited) RM'000	% Change	31/12/2017 (Unaudited) RM'000	31/12/2016 (Unaudited) RM'000	% Change
Profit for the period is arrived at after charging/(crediting):						
Depreciation of property, plant and equipment	530	456	16.2	1,311	1,222	7.3
Gain on disposal of property, plant and equipment	(202)	-	N/M	(202)	-	N/M
Interest expense	1,098	107	N/M	1,185	223	N/M
Interest income	(450)	(1,547)	(70.9)	(2,572)	(1,736)	48.2
Issuance of shares to employees	1,845	-	N/M	1,845	-	N/M

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

		Group		Company	
	Note	31/12/2017 (Unaudited) RM'000	30/6/2017 (Audited) RM'000	31/12/2017 (Unaudited) RM'000	30/6/2017 (Audited) RM'000
Assets					
Non-current assets					
Property, plant and equipment	8h	113,036	94,638	-	-
Investment in subsidiary		-	-	1,203,315	1,203,315
Deferred tax assets		65,296	61,313	-	-
		178,332	155,951	1,203,315	1,203,315
Current assets					
Development properties	8i	574,010	537,613	-	-
Trade and other receivables		462,338	463,977	145,465	69,485
Other current assets	8j	57,791	51,198	810	932
Cash and bank balances		77,805	83,625	17,493	16,473
		1,171,944	1,136,413	163,768	86,890
Total assets		1,350,276	1,292,364	1,367,083	1,290,205
Liabilities					
Current liabilities					
Loans and borrowings	8k	42,067	56,656	-	-
Income tax payable	8l	42,068	49,330	-	-
Trade and other payables	8m	435,704	468,505	744	1,034
Other current liabilities	8n	7,421	5,005	-	-
		527,260	579,496	744	1,034
Net current assets		644,684	556,917	163,024	85,856
Non-current liabilities					
Loans and borrowings	8k	387,835	298,793	81,985	-
Other non-current liabilities	8n	194,793	186,665	-	-
		582,628	485,458	81,985	-
Total liabilities		1,109,888	1,064,954	82,729	1,034
Net assets		**240,388**	**227,410**	**1,284,354**	**1,289,171**
Equity					
Share capital		252,719	250,874	1,285,223	1,283,378
Retained earnings/(Accumulated losses)		42,903	31,244	(869)	5,793
Translation reserve		(407)	119	-	-
Merger reserve		(54,827)	(54,827)	-	-
Total equity		**240,388**	**227,410**	**1,284,354**	**1,289,171**
Total equity and liabilites		**1,350,276**	**1,292,364**	**1,367,083**	**1,290,205**

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 30/06/2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
42,067	-	56,656	-

Amount repayable after one year

As at 31/12/2017		As at 30/06/2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
387,835	-	298,793	-

The Group's loans and borrowings include obligations under finance leases and bank borrowings, convertible loan and the Medium-Term Notes ("MTN") issued.

Details of collaterals

The loans and borrowings are secured by the following: -
1. Joint and several guarantee by directors of the borrowing entities.
2. Legal charge over the project land under development, fixed and floating charges over all assets of the project of the borrowing entities.
3. Pledge of 400 million shares of the Company provided by Hatten Holdings Pte Ltd
4. Third party first legal assignment over certain property assets owned by related parties of the borrowing entities.
5. Debenture over fixed and floating present and future assets of the borrowing entities.
6. Legal assignment over designated bank account and monies and legal assignment of sales proceeds from the sale of project units of the borrowing entities in favour of the lender.
7. Corporate guarantee by a related party of the borrowing entities and deed of subordination of advances due to shareholders and directors.
8. Pledge of fixed deposits with licensed banks.
9. Debenture over the 44 units of luxury residences service apartments and 11 units of penthouse suites from the development of borrowing entity.
10. Personal guarantee by a director of the Company.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group 3 months ended		Group 6 months ended	
	31/12/2017 (Unaudited) RM'000	31/12/2016 (Unaudited) RM'000	31/12/2017 (Unaudited) RM'000	31/12/2016 (Unaudited) RM'000
Cash flows from operating activities				
Profit before tax	15,971	27,009	20,405	30,146
Adjustments for:				
Depreciation of property, plant and equipment	530	456	1,311	1,222
Gain on disposal of property, plant and equipment	(202)	-	(202)	-
Interest income	(450)	(1,547)	(2,572)	(1,736)
Interest expense	1,098	107	1,185	223
Issuance of shares to employees	1,845	-	1,845	-
Unrealised foreign exchange (gain)/ loss	(3,486)	229	(3,469)	281
Operating cash flows before working capital changes	**15,306**	**26,254**	**18,503**	**30,136**
Decrease/(increase) in:				
Development properties	(12,794)	(81,250)	(36,397)	(105,708)
Trade and other receivables	8,149	(68,808)	1,639	(93,843)
Other current assets	(4,381)	32,449	(6,593)	29,986
Increase/(decrease) in:				
Trade and other payables	(57,349)	46,288	(29,332)	75,972
Other liabilities	11,218	53,762	10,544	47,715
Cash flow (used in)/ from operations	(39,851)	8,695	(41,636)	(15,742)
Interest paid	(1,098)	(107)	(1,185)	(223)
Interest received	450	1,547	2,572	1,736
Income tax paid	(8,164)	(40,592)	(17,849)	(44,395)
Net cash flows used in operating activities	**(48,663)**	**(30,457)**	**(58,098)**	**(58,624)**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	265	-	265	-
Additions to property,plant and equipment	(12,764)	(8,154)	(18,604)	(18,399)
Net cash flows used in investing activities	**(12,499)**	**(8,154)**	**(18,339)**	**(18,399)**
Cash flows from financing activities				
Proceeds from loan and borrowings	38,120	45,827	53,911	86,902
Proceeds from issuance of convertible loan	81,985	-	81,985	-
Proceeds from issuance of medium-term note	-	-	25,000	-
Repayment of obligations under finance leases	(424)	(204)	(979)	(793)
Repayment of loan and borrowings	(40,611)	(12,245)	(86,632)	(30,682)
Dividend paid on ordinary shares	(2,142)	-	(2,142)	-
Increase in pledged fixed deposits	(54)	-	(54)	-
Net amount due from shareholders	-	-	-	(990)
Net cash flows generated from financing activities	**76,874**	**33,378**	**71,089**	**54,437**
Net change in cash and cash equivalents	15,712	(5,233)	(5,348)	(22,586)
Cash and cash equivalents at the beginning of the period	60,052	62,674	81,468	79,842
Effects of exchange rate changes on cash and cash equivalents	(170)	(858)	(526)	(673)
Cash and cash equivalents at the period	**75,594**	**56,583**	**75,594**	**56,583**
Cash and bank balances	77,805	58,671	77,805	58,671
Less: pledged fixed deposit	(2,211)	(2,088)	(2,211)	(2,088)
Cash and cash equivalents as per above	**75,594**	**56,583**	**75,594**	**56,583**

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the Company				
	Share capital	Retained earnings	Translation reserve	Merger reserve	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
(Unaudited)					
Balance as at 1 October 2017	250,874	34,215	(238)	(54,827)	230,024
Total comprehensive profit for the period	-	10,830	(169)	-	10,661
Contributions by and distributions to owners					
Issuance of shares to employees	1,845	-	-	-	1,845
Dividend on ordinary shares	-	(2,142)	-	-	(2,142)
	1,845	(2,142)	-	-	(297)
Balance as at 31 December 2017	**252,719**	**42,903**	**(407)**	**(54,827)**	**240,388**
Balance as at 1 October 2016	38,235	24,343	48	-	62,626
Total comprehensive income for the period	-	21,405	(298)	-	21,107
Balance as at 31 December 2016	**38,235**	**45,748**	**(250)**	**-**	**83,733**

Company
(Unaudited)

	Share capital	Retained earnings/ (Accumulated losses)	Total equity
	RM'000	RM'000	RM'000
Balance as at 1 October 2017	1,283,378	5,506	1,288,884
Total comprehensive loss for the period	-	(4,233)	(4,233)
Contributions by and distributions to owners			
Issuance of shares to employees	1,845	-	1,845
Dividend on ordinary shares	-	(2,142)	(2,142)
	1,845	(2,142)	(297)
Balance as at 31 December 2017	**1,285,223**	**(869)**	**1,284,354**
Balance as at 1 October 2016	83,337	(85,480)	(2,143)
Total comprehensive loss for the period	-	(4,539)	(4,539)
Balance as at 31 December 2016	**83,337**	**(90,019)**	**(6,682)**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of issued shares	Share capital RM
Balance as at 30 September 2017	1,378,096,353	257,718,519
Balance as at 31 December 2017	**1,378,096,353**	**257,718,519**

The number of issued shares and share capital as at 30 September 2017 and 31 December 2017 have taken into account the issuance of employees shares of 3,016,000 which amounting to RM1,844,658 on 26 September 2017.

As at 31 December 2017, the Company had been granted a convertible loan of an aggregate amount of US$20,000,000, which may be converted into approximately 77,142,857 new fully paid ordinary shares of the Company based on a fixed conversion price of S$0.35 per share (assuming an exchange rate of US$1: S$1.35). The Company did not have any outstanding convertibles as at 31 December 2016.

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2017 and 31 December 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31/12/2017	As at 30/6/2017
Total number of issued shares	1,378,096,353	1,375,080,353

The Company did not have any treasury shares as at 31 December 2017 and 30 June 2017.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 30 June 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The accounting policies adopted are consistent with those the previous financial year except in the current financial year, the Group has adopted all new and revised standards which are effective for annual financial periods beginning on or after 1 July 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group 3 months ended		Group 6 months ended	
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
Profit attributable to owners of the Company(RM'000)	10,830	21,405	13,801	23,226
Weighted average number of ordinary shares in issue	1,375,178,701	1,187,692,308	1,376,637,527	1,187,692,308
Basic and fully diluted earnings per share ("EPS")(RM'sens)	0.79	1.80	1.00	1.96

Note:
The diluted EPS for the periods ended 31 December 2017 and 31 December 2016 were the same as the basic EPS assuming that no potential ordinary shares are to be issued under convertible loan due to the conversion price or exercise price being higher than the prevailing market price at the relevant date.

7. Net Asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2017	**30/6/2017**	**31/12/2017**	**30/6/2017**
Net asset value (RM'000)	240,388	227,410	1,284,354	1,289,171
Number of ordinary shares in issue	1,378,096,353	1,375,080,353	1,378,096,353	1,375,080,353
Net asset value per ordinary share (RM'sens)	17.44	16.54	93.20	93.75

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-
(i) any significant factors that affected the revenue, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(ii) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Consolidated Statement of Comprehensive Income

Review of Group performance for the 3 months ended 31 December 2017 ("**2Q FY2018**") as compared to the 3 months ended 31 December 2016 ("**2Q FY2017**")

(a) The Group recorded revenue of RM43.4 million for the 2Q FY2018, which was RM70.4 million or 61.8% lower than the revenue recorded for the preceding year corresponding quarter. The decrease in revenue was mainly attributed to lower revenue recognized for Hatten City Phase 2 project due to lower percentage of works completed in 2Q FY2018.The revenue decline was partially offset by the higher revenue contribution from Harbour City project and Hatten City Phase 1 project which achieved project completion in FY2016.

(b) The Group recorded gross profit of RM34.6 million for the 2Q FY2018, which was RM4.5 million or 11.6% lower than the preceding year corresponding quarter with gross profit margin of 79.7 % in 2Q FY2018 as compared to 34.4% in 2Q FY2017. The higher gross profit margin was largely due to the year to date impact on the lower estimated gross development costs for Hatten City Phase 2 arising from management's review of the project development budget and re-allocation of gross development costs amongst its development components in Harbour City project.

(c) The Group recorded an increase in other income of approximately RM1.0 million or 45.0% as compared to the preceding year corresponding quarter mainly due to the increase in unrealised foreign exchange gain resulted from the strengthening of the Ringgit Malaysia in 2Q FY2018 and gain on disposal of property, plant and equipment.

(d) Selling and distribution expenses increased by RM2.2 million or 29.2% mainly due to the Group has intensified its sales and marketing efforts and initiatives for the ongoing and completed projects under the current challenging property market in Malaysia.

(e) General and administrative expenses increased by RM4.3 million or 64.2% mainly due to one-off costs in relation to the issuance of shares to employees, additional corporate expenses incurred subsequent to RTO which was completed in January 2017 and a non-recurring backcharged of expenses to third party in last corresponding financial period.

(f) Finance costs increased by RM1.0 million which was in line with the new financing facilities made available to the Group.

(g) As a result of the above, the Group's profit after tax decreased to RM10.8 million in 2Q FY2018 as compared to a profit after tax of RM21.4 million in 2Q FY2017.

Review of Group performance for the 6 months ended 31 December 2017 ("**6M FY2018**") as compared to the 6 months ended 31 December 2016 ("**6M FY2017**")

(a) The Group recorded revenue of RM99.9 million for the 6M FY2018, which was RM67.7 million or 40.4% lower than the revenue recorded for the preceding year corresponding period. The decrease in revenue was mainly attributed to lower revenue recognised for Hatten City Phase 2 project due to lower percentage of works completed in 6M FY2018. The revenue decline was partially offset by higher revenue contribution from Harbour City project and Hatten City Phase 1 project which achieved project completion in FY2016.

(b) The Group recorded gross profit of RM55.5 million for the 6M FY2018, which was RM2.8 million or 4.7% lower than the preceding year corresponding period whereas the profit margin has improved to 55.5% in 6M FY2018 from 34.8% in 6M FY2017. The improved results were primarily due to the year to date impact on lower estimated gross development costs for Hatten City Phase 2 arising from management's review of the project development budget.

(c) The Group recorded an increase in other income of RM1.8 million or 31.5% higher than the preceding year corresponding period mainly due to the increase in unrealised foreign exchange gain resulted from the strengthening of the Ringgit Malaysia in 6M FY2018, gain on disposal of property, plant and equipment and higher interest income from late payment interest charged to purchasers.

(d) Selling and distribution expenses increased by RM5.7 million or 36.7% mainly due to the Group has intensified the sales and marketing efforts and initiatives for the ongoing and completed projects under the current challenging property market in Malaysia.

(e) General administrative expenses increased by RM2.0 million or 11.6% mainly due the one-off costs in relation to the issuance of shares to employees, professional fees and related expenses incurred in relation to the Group's funding exercises coupled with corporate expenses incurred subsequent to the RTO which was completed in January 2017, which was partially offset by the lower general overheads as a result of internal restructuring following the RTO.

(f) Finance costs increased by RM0.9 million which was in line with the new financing facilities made available to the Group.

(g) As a result of the above, the Group's profit after tax decreased to RM13.8 million in 6M FY2018 as compared to a profit after tax of RM23.2 million in 6M FY2017.

Consolidated Statement of Financial Position

Review for the financial position of the Group as at 31 December 2017 as compared to 30 June 2017

(h) Property, plant and equipment increased by RM18.4 million or 19.4% to RM113.0 million as at 31 December 2017 compared to RM94.6 million as at 30 June 2017 mainly due to the additional construction work in progress for car park and theme park for Harbour City, Hatten City Phase 2 and Vedro by the River projects.

(i) Development properties increased by RM36.4 million or 6.8% to RM574.0 million as at 31 December 2017 from RM537.6 million as at 30 June 2017 mainly attributable to accrued development costs for Vedro by the River project and construction services fees accrued in 2Q FY2018.

(j) Other current assets increased by RM6.6 million or 12.9% to RM57.8 million as at 31 December 2017 from RM51.2 million as at 30 June 2017 mainly due to deferment of sales commission accrued for Harbour City project and Satori project whereby the revenue recognition has yet to commence.

(k) Loans and borrowings (current and non-current) increased by RM74.5 million or 20.9% to RM429.9 million as at 31 December 2017 from RM355.4 million as at 30 June 2017 mainly due to the new financing facilities made available to the Group, i.e the convertible loan, medium term notes, term loan, drawdown from existing bridging loan and new finance lease liabilities amounting to RM162.1 million. Nevertheless, this was moderated by the repayments of the existing loans and borrowings during the period of approximately RM87.6 million.

(l) Income tax payable decreased to RM42.1 million as at 31 December 2017 mainly due to progressive payment of income tax during the financial period.

(m) Trade and other payables decreased by RM32.8 million or 7.0% to RM435.7 million as at 31 December 2017 from RM468.5 million as at 30 June 2017 mainly due to payment to suppliers and purchasers from sales of properties with leaseback arrangements, partially offset by increase in development costs accrued for Vedro by the River project and higher progress billings for Harbour City project.

(n) Other current and non-current liabilities increased by RM10.5 million or 5.5% to RM202.2 million as at 31 December 2017 from RM191.7 million as at 30 June 2017 mainly relates to deferred revenue which is the amount payable to the purchasers for sales of properties with leaseback arrangements. The increase in deferred revenue is as a result of higher sales.

Consolidated Statement of Cash Flows

Review of Statement of Cash Flows for 6M FY2018 as compared to 6M FY2017

The Group recorded net cash flows used in operating activities of RM58.1 million mainly due to progress development works, payments of suppliers and income taxes.

The Group recorded net cash flows used in investing activities of RM18.4 million mainly due to additional construction work in progress for car park and theme park of RM19.0 million for ongoing projects.

The Group recorded net cash flows generated from financing activities of RM71.1 million mainly due to proceeds from issuance of medium-term notes, convertible loan and term loan totaling RM160.8 million, partially offset by repayment of loans and borrowings of RM87.6 million and payment of dividend on ordinary shares of RM2.1 million.

As at 31 December 2017, the Group's cash and cash equivalents increased to RM75.6 million as compared to RM56.6 million as at 31 December 2016.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The Group has not disclosed any forecast or prospect statements to its shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

According to a tourism performance report published on 10 January 2018 by Tourism Malaysia, Melaka ranks as the second most visited state in Malaysia and registered 16.7 million tourists in 2017. The Group believes that the numerous mega infrastructure and tourism projects being unveiled in the western Peninsular state will continue to contribute to tourism growth and underpin demand for its projects.

In November and December 2017, the Group announced that it had entered into conditional sale and purchase agreements to acquire two land parcels in Melaka which will be developed into separate integrated projects, enlarging its property portfolio to seven mixed-used developments and one retail mall.

The Group remains on track to launch Harbour City Luxury Hotel, the last phase of its Harbour City development in the financial year ending 30 June 2018("FY 2018").

As at 31 December 2017, the Group has unbilled sales of development properties amounting to approximately RM907 million.

The Group has experienced delay in the completion of construction for units at Hatten City Phase 2. Under the terms of the sale and purchase agreements, the Group is liable for liquidated and ascertained damages in the event of late delivery and handover of the property units to the buyers. The Management however believe that such liquidated and ascertained damages will not have any material impact on the Group's financial performance and position as the main contractor of the project has provided an undertaking to bear all such damages that the Group is exposed to under the terms of the sale and purchase agreements with the buyers.

The Group will continue to pursue value-accretive growth opportunities to enhance shareholders' value. Barring any unforeseen circumstances, the Directors are confident of the Group's positive financial performance for FY2018.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No.

(b) Amount per share (cents) and previous corresponding period (cents).

No. No dividend has been declared for 2Q FY2017.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

Not applicable. No dividend has been declared/recommended for 2Q FY2018.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company had obtained a general mandate from its shareholders for IPTs at an annual general meeting of the Company held on 26 October 2017. For details, please refer to the Company's Appendix to the Annual Report 2017. Save as disclosed below, there were no IPTs that exceeded S$100,000 during the 6 months ended 31 December 2017.

Name of interested person	Aggregate value of all interested person transactions during 6 months ended 31 December 2017 (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	Group RM'000	Group RM'000
Hatten Properties Sdn Bhd[1]	-	2,513
Montane Construction Sdn Bhd[2]	-	124,014
Hatten Brand Management Sdn. Bhd.[3]	(3,234)	-
Temasek Blooms Sdn. Bhd.[4]	366	-

Note:

(1) Hatten Properties Sdn. Bhd. is a company wholly owned by Dato' Tan June Teng Colin @ Chen JunTing (Executive Chairman and Managing Director) and Dato' Tan Ping Huang Edwin @ Chen BingHuang (Executive Director and Deputy Managing Director) (the "Tan Brothers") and their associates.

(2) Montane Construction Sdn. Bhd. is a company wholly owned by the aunt (sister of Datuk Wira Eric Tan) of the Tan Brothers, Tan Ler Choo. Transactions with Montane Construction Sdn. Bhd. were included as part of the IPTs provided for under the general mandate for prudence and good corporate governance although the transactions between the Group and Montane Construction Sdn. Bhd. do not fall within the ambit of “interested person transactions” under Chapter 9 of the Catalist Rules.

(3) Hatten Brand Management Sdn. Bhd. is a company wholly owned by the Tan Brothers.

(4) Temasek Blooms Sdn. Bhd. is a company wholly owned by the Tan Brothers and their associates. The Company wishes to clarify that the transactions with Temasek Blooms Sdn. Bhd. does not fall within the IPTs provided for under the general mandate. The Company had inadvertently reported the transactions with Temasek Blooms Sdn. Bhd. under the mandated column instead of the non-mandated column in its previous announcements.

14. Use of proceeds

(A) Compliance Placement Proceeds

The Company raised net proceeds of approximately S$26.6 million from the placement completed on 23 February 2017. Please refer to the Company’s offer information statement dated 17 February 2017 and announcement dated 6 June 2017 for further details.

As at the date of this announcement, the status on the use of the net proceeds is as follows:

	Amount Allocated S$'000	Amount Utilised S$'000	Amount Untilised S$'000
RTO expenses	4,200	(4,200)	-
General corporate activities including acquisitions	6,774	(6,774)	-
General working capital[1]	15,626	(15,626)	-
	26,600	(26,600)	-

Note:
(1) General working capital consists of project expenses and corporate and administrative expenses.

(B) Convertible Loan

The Company raised net proceeds from the convertible loan amounting to US$19.8 million pursuant to the convertible loan agreement with Haitong International Financial Products (Singapore) Pte. Ltd. dated 22 September 2017. The grant of the convertible loan was completed on 11 October 2017 following the disbursement of the loan to the Company.

As at the date of this announcement, the status on the use of the net proceeds is as follows:

	Amount Allocated US$'000	Amount Utilised US$'000	Amount Untilised US$'000
Financing the completion of Hatten City Project and other approved development projects (where applicable	18,810	(16,500)	2,310
General working capital[1]	990	(600)	390
	19,800	(17,100)	2,700

Note:
(1) General working capital consists of project expenses and corporate and administrative expenses.

15. Confirmation pursuant to Rule 705(5) of the Catalist Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for the second quarter ended 31 December 2017 to be false or misleading in any material aspect.

16. Confirmation pursuant to Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Listing Manual.

By Order of the Board
HATTEN LAND LIMITED

Dato' Tan June Teng, Colin
Executive Chairman and Managing Director

Dato' Tan Ping Huang, Edwin
Executive Director and Deputy Managing Director

12 February 2018